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S E C R E T SECTION 01 OF 02 ABU DHABI 001162

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TAGS: [PREL](#) [KNNP](#) [IR](#) [IZ](#) [AE](#)

SUBJECT: SCENESSETTER FOR THE DEPUTY SECRETARY'S VISIT TO THE UNITED ARAB EMIRATES

Classified by Ambassador Richard Olson, reasons 1.4 (b, d).

¶1. (U) We warmly welcome your visit, both for the Forum for the Future and for bilateral meetings with the UAE's leadership.

¶2. (SBU) In the past five years, the United Arab Emirates has emerged as one of the economic powerhouses of the region (our largest export market in the Middle East) and attained a commensurate level of political influence. A previously reticent leadership has been the first within the GCC to cancel Saddam era Iraqi debt and recognize Kosovo. Abu Dhabi and Dubai are now must-go locations for Maliki, Karzai, Abu Mazin, and increasingly for Western leaders as well.

¶3. (C) The UAE's desire to punch above its weight class reflects the combined and occasionally competitive visions of the Abu Dhabi Crown Prince, Shaykh Muhammad bin Zayed Al-Nahyan (known within the USG as MbZ), and the Ruler of Dubai, Shaykh Muhammad bin Rashid Al-Maktoum (known to us as MbR). (The President of the UAE, Shaykh Khalifa, is something of a figurehead, at least as far as the external world is concerned.) At its core, the UAE has always been a coalition between the Emirates of Abu Dhabi and Dubai, with Abu Dhabi being more conservative, more "Arab," and having the vast preponderance of oil wealth; Dubai is more cosmopolitan, more entrepreneurial, and lives by its wits, not by pumping money out of the ground. This mixture breeds a largely healthy competition, a sense of overall unity combined with rivalry that is played out as much between the two princes as between the two cities. Abu Dhabi tends to have the final say, but can never afford to lightly stiff Dubai.

¶4. (C) Our bilateral relationship with the UAE has grown from a mil-mil core (dating back to the first Gulf war) to one in which the full range of USG Agencies interact with UAE counterparts on counter-terrorism, economics, law enforcement, even notionally domestic issues like Education. The closeness is exemplified by the POTUS visit to the UAE in January, and the (separate) visits of Shaykh Muhammad bin Zayed and Shakykh Muhammad bin Rashid to Camp David over the summer.

Financial Turmoil

¶5. (C) Emiratis, like everyone else, are watching the financial markets closely. Fully integrated into global markets, the big sovereign wealth funds have seen their assets decline in value, and locally there is a real lack of liquidity. The UAE Central Bank has taken action to guarantee deposits, but subtly excluded Iranian banks. The big question is whether Dubai, which has had a classic speculation fed property bubble develop over the past few years, will need at some point to be bailed out. There is little doubt that Abu Dhabi would do so, the issue is what political or economic price Dubai would have to pay. In terms of our interests, if a Dubai bailout does become necessary, and Abu Dhabi has to hold a fire sale of assets, it will diminish the UAE's enthusiasm for taking on funding obligations on Pakistan, Afghanistan, or elsewhere in the Middle East.

Iran

¶6. (C) The UAE shares our strategic assessment about the threat of a nuclear Iran, and is supportive of our diplomatic efforts. Emiratis believe, however, that the international community sees Iran exclusively in term of non-proliferation terms, and does not take account of the trouble that Iran causes in the region. We probably see eye to eye with the UAE on this, but Europeans and Asians do not.

¶7. (S) The military reality for the UAE is that it is a rich small country 80 kilometers from Iran. Put another way, a ballistic missile fired from Iran would take no more than 46 seconds to hit Emirati territory. For this reason the UAE asked for THAAD, Patriots, and other elements of an integrated air defense system, to complement their extant wing of the most advanced F-16 Fighters ever built. The Air Defense package has just been successfully notified to Congress, and we expect to present the Letters of Offer and Acceptance shortly. CENTCOM is also working to deploy a battery of US Patriots in response to a request from MbZ to POTUS; unfortunately this has fallen into working level wrangling over cost sharing arrangements. This issue needs to come back to the strategic level, where we believe we have consensus.

¶8. (S) We like to reinforce the UAE's commitment to counter-proliferation at every opportunity, and you may wish to thank them for what they have done and remind your interlocutors that constant vigilance on Iran-bound items of proliferation concern is for the UAE an existential exercise. UNSCR 1835 on Iran was well received. We seek ongoing cooperation in the terror finance and cash courier fields as well.

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The Region

¶9. (S) MbZ and his younger brother the Foreign Minister (Abdullah bin Zayed, or, acronymically, AbZ) visited Baghdd last week, and came away impressed with Maliki and ready to help.

¶10. (S) They are very concerned about Pakistan, have a natural instinct to support Zardari (the Nahyan and Bhutto families have been close for three decades), but are not sure they can trust him.

¶11. (S) The UAE has special forces in Afghanistan which have been in heavy fighting at Musa Qala, and has gradually begun to let the public know about this deployment. UAE looks to augment the special forces with aviation assets in the Spring but is facing equipment and training challenges to make this timeline.

Free Trade Agreement

¶12. (S) US/UAE negotiations on a Free Trade Agreement were put on hold in December 2006 when it became clear that it would not be possible to reach consensus on certain issues, including the critical Oil and Gas sector. The UAE is signaling clearly that it does not want to resume negotiations before the beginning of the next administration.

Forum for the Future

¶13. (C) Abu Dhabi's goal is to host a nice event, giving the floor (cautiously) to civil society while hoping the NGOs do not offend governments in the room. The UAE will highlight strides it has made -- women in senior positions, limited elections in 2006, tolerance for a resident population representing virtually every nation and creed on earth, and active work against trafficking in persons. But the Government sees reform as a very gradual, government guided process, and most Emiratis are probably content with this. Rich people make poor revolutionaries.

¶14. (C) In private conversations, you might reinforce the four areas in which the USG has internally identified the need for progress in our democracy strategy: political participation and representation, development of an active and independent press, government transparency, and judicial independence.

¶15. (C) UAE "civil society" at the forum will be primarily government funded social organizations -- we simply have a different definition of NGO activism. The UAE must be reminded at senior levels that it in fact has much to gain by setting a long-term vision of expanding civil freedoms. The Freedom Agenda has inter-emirate implications as well, with Dubai sometimes stepping out ahead with initiatives that appear progressive (declaration that it will not arrest journalists) while in fact the ruling paradigm remains very much centered on control (leading to self censorship that keeps the press far too timid).

¶16. (C) If we press these issues too hard, the response will be that we do not understand the danger posed by Islamists. And it is undeniable that in the UAE as in much of this part of the world, the strongest institutions outside the state are Islam and family, not civil society. The UAE has reassigned teachers it thought were Islamist leaning, scripts mosque sermons, and is slow to allow an NGO community. While we should sympathize with the security aspects of these decisions, we should also encourage balance such that societal frustrations are not bottled up too tightly (an increasing danger if the economy loses its luster for a population accustomed to very comfortable living).

OLSON